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SWEET HOME, OREGON. PRELIMINARY ESTIMATE OF ECONOMIC GROWTH, 1960-2010

Public Health Service
Portland, Oregon

22 August 1962

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COLUMBIA BASIN PROJECT

WORKING PAPER NO. 29

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COLUMBIA RIVER BASIN PROJECT
For Water Supply and Water Quality Management

SWEET HOME, OREGON
PRELIMINARY ESTIMATE OF ECONOMIC GROWTH, 1960-2010

DATE: August 22, 1962

Prepared by RLC

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U. S. DEPARTMENT OF HEALTH, EDUCATION, AND WELFARE
Public Health Service
Region IX

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This working paper contains preliminary data and information primarily intended for internal use by the Columbia River Basin Project staff and cooperating agencies. The material presented in this paper has not been fully evaluated and should be considered as final.

SWEET HOME, OREGON
PRELIMINARY ESTIMATE OF ECONOMIC GROWTH, 1960-2010

Table of Contents

INTRODUCTION	1
Purpose of Analysis	1
Definition of the Area	1
Study Period	1
Limitations of this Analysis	1
PRESENT ECONOMIC DEVELOPMENT	2
Population	2
Present Industrial Pattern	2
ESTIMATED GROWTH 1960-2010	3
Economic Base	3
Population	5

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SWEET HOME, OREGON
PRELIMINARY ESTIMATE OF ECONOMIC GROWTH, 1960-2010

INTRODUCTION

Purpose of Analysis

This analysis is intended to provide a preliminary estimate of the economic potentials and a broad guide to the anticipated growth of the subject area.

Definition of the Area

The study is limited to the city of Sweet Home and the immediately adjacent area.

Study Period

The 50-year period 1960-2010, with an interim point at 1985, is being used by this office in its economic studies of the Columbia Basin as a whole; and the same period is used for this analysis.

Limitations of this Analysis

This is intended only as an initial estimate of the outlook for Sweet Home, and its conclusions are for design purposes only. Subsequently, in connection with the Columbia Basin Study, an analysis will be made, on an industry-by-industry basis, of the growth potential of the central Willamette Basin. At that time, this preliminary estimate will be reviewed, and revised if necessary.

PRESENT ECONOMIC DEVELOPMENT

Population

The population of Sweet Home in April 1960 was 3,353, a decline of 250, or 7½ percent from the population figure reported a decade earlier. It should be noted, however, that Sweet Home and neighboring Lebanon are located in a semi-rural area upon which both draw for economic purposes; though the populations of both Sweet Home and Lebanon are reported to have declined between 1950 and 1960, the total population of these cities and related census districts rose during the decade from about 18,670 to about 20,500. Of this, at least 5,500 persons may be assigned to Sweet Home and immediate residential areas.

Present Industrial Pattern

The economy of Sweet Home is intensely concentrated on lumbering, with saw mills providing the chief industry, while production of plywood and veneer and logging also contribute substantially to the economic life of the city. Other manufacturing industries--a small chemical plant, a sand and gravel pit, a meat packing plant, and a small electronics plant--employ a total of about 40 persons, compared to 1,000 to 1,400 employed in various lumbering functions.

Agriculture in the area about Sweet Home is negligible, though some dairy farming, pasturing, and bean and berry culture may be observed. The population of Sweet Home and adjacent areas is sufficient to support a considerable commercial and service industry, including two elementary and one secondary schools; motels, restaurants, service stations and garages, and retail stores; utility offices, municipal offices, and a police department; banking, real estate and insurance brokerage; and professional services.

In impact on the economic life of the city, lumbering far outweighs all other forms of activity. The six saw mills provide employment for up to 650 persons --530 in one large plant. Three veneer and plywood plants employ about 215. Three mills utilizing wood wastes employ 70 to 90 in the production of chipboard, particleboard, and fibreboard; while a shingle mill and a wood fabricating plant utilize the services of about 65 persons. Some twenty-five logging operations are based in Sweet Home. These are for the most part small concerns employing one to five persons, depending on seasonal and business cycle fluctuations. Two of these companies, however, are quite large; one employs an average of 50 persons, the other 50 to 100. The great weight of lumbering on the city's economic life is demonstrated by the table below, which contrasts a partial distribution of the 1960 employed labor force of Sweet Home, Linn County, and the State of Oregon.

EMPLOYED	SWEET HOME	LINN COUNTY	OREGON
Agriculture, forestry and fisheries	2.9%	35.0%	7.9%
Durable goods manufacturing	41.0	28.8	16.6
Wholesale and retail trade	14.9	17.4	20.0
Professional and related services	14.7	11.0	13.5

/ Source: U.S. Department of Commerce--United States Census of Population: 1960 Oregon, General Social and Economic Characteristics. (It should be noted that the figures apply only to the population of Sweet Home proper. They are believed to be characteristic of Sweet Home and the immediately adjacent area.)/

ESTIMATED GROWTH 1960-2010

Economic Base

Relying as it does on forest products for its economic health, Sweet Home's future is tied to the existence of reserves of standing saw timber in and about the South Santiam Basin. Though of lesser magnitude than those of

Lane County, Linn County's timber reserves are substantial; and potentially larger reserves of immature pole timber exist to maintain forest products production in the later years of the study period.

The combination of a rising national population and dwindling timber reserves should, during the period 1960-1985, cause a reversal of the excess supply situation that existed in U.S. lumbering through the late 1950's; and it may be assumed that the logging and saw mill activities situated about Sweet Home will experience considerable expansion. By 1985 much of the nation's timber production will probably be limited to sustained yield levels, giving a particular economic value to the quantities of immature timber growing in Linn County.

Studies of timber resources and demand have indicated that a .6%-.9% average annual growth factor may be applied to saw mill output until annual cut reaches sustained yield levels. (cf. U.S. Forest Service: Timber Resources for America's Future; Guthrie & Armstrong: Western Forest Industry, An Economic Outlook; U.S. Army Corps of Engineers: Water Resource Development, Columbia River Basin) Other forest products output may be expected to rise at substantially faster rates. In Sweet Home's case, it may be assumed that the effect of rising saw mill output will be matched by increased activity in wood fabricating activities, plywood and veneer manufacture, and chipboard production. Establishment of pulping facilities in the immediate area of Sweet Home seems unlikely: existing pulp plants at Lebanon (80 tons per day capacity) and Albany (240 tons per day) seem better located and capable of sufficient expansion to utilize the chippable residues of saw mill and

plywood and veneer production in the area. In contrast to the national trend, it is unlikely that service and commercial activities will expand at a materially greater rate in Sweet Home than will industrial pursuits. Albany is only 25 miles from Sweet Home; and considering the excellent highways and the social and economic integration of the area, it is not unreasonable to assume that Albany, as the largest city, will continue to serve as the commercial and service focus of the South Santiam Basin with Lebanon, because of its central location, experiencing somewhat more growth in service activities than Sweet Home.

Population

By utilizing the tentative outline of Sweet Home's anticipated economic base, it is possible to project population for design purposes. Certain assumptions underlie the projection:

1. An .8% annual growth rate will apply in saw mill output.
2. The age composition of Linn County's timber stands will permit even expansion of production through the study period.
3. Productivity gains will be offset to some extent by shorter working hours and increased employment opportunities in plywood and veneer and in wood fabricating industries. In these industries, both production and productivity may be expected to increase at a rate in excess of that of saw mills, with the net effect of bringing the increase in total employment opportunities down to the level of increased saw mill output. (An arbitrary assumption, admittedly, but not an unreasonable one.)

In 1960 Sweet Home provided about 1,215 jobs in forest products industries. By applying the .8% growth factor to employment, the number of jobs available

in forest products industries is expanded to about 1,500 in 1985 and 1,820 in 2010. (No attempt is made to break employment possibilities into industry components. It is envisaged that the bulk of jobs will be created in plywood and veneer and in wood fabricating industries rather than in saw mills.) The ability of adjacent cities to provide for a good part of Sweet Home's service needs may be expected to restrict employment opportunities in service industries. Assuming that the absolute number of non-manufacturing jobs will increase, but that employment in manufacturing--practically synonymous in Sweet Home's case with forest products industries--will remain near 40 percent of total employment, a projection of the total labor force is derived, amounting to 3,700 in 1985 and 4,550 in 2010.

For several decades, about 37 percent of Oregon's population has been employed. If it is assumed that this will continue to hold true for Sweet Home during the study period, it will require a population of 10,000 persons in 1985 and 12,300 persons in 2010 to supply the projected labor force. It has been noted, however, that a considerable part of the labor force of Sweet Home has apparently been drawn from Lebanon and from rural areas well beyond Sweet Home. It would appear reasonable to conclude that this will continue to hold true in the future, and that a good part of Sweet Home's economic population will dwell outside of the area of the city. Assigning 30 percent of the population growth--slightly less than an equivalent portion of the 1960 population--to areas other than Sweet Home and immediate residential areas, tentative population projections for Sweet Home of about 6,750 in 1985 and 8,370 in 2010 are reached, as summarized in the following table.

	1960	1985	2010
Manufacturing employment	1,215	1,500	1,820
Estimated labor force	2,960	3,700	4,550
Population from which labor force is drawn	8,220	10,000	12,300
Population of Sweet Home and adjacent areas	5,500	6,750	8,370